

agreed upon maximum contribution rate. As an illustration, the maximum rate allowed for November 1, 2002 is \$640.64. If the rate requested with documentation called for a rate of \$652.50, the \$11.86 above the agreed upon maximum would be covered by utilizing the carryover credit balance fund of \$38.00. In this illustration, use of the \$11.86 credit would reduce the \$38.00 carryover credit balance to \$26.14 over the remainder of the term of the MOU.

(e) An eligible employee with respect to whom monthly contributions are required shall mean any employee on the payroll on the first day of any calendar month who has been on the payroll of the City eighty (80) hours or more during the preceding calendar month. Said contribution shall institute full compliance with and full performance of all obligations of the City to provide health and welfare benefits for its employees.

(f) During the term of this MOU the parties herein reserve the right to request the other party to meet and confer on the subject of this section for the purpose of reviewing and considering a competitive proposal from the requesting party for the obtaining of equal or comparable health and welfare benefits for covered employees at no additional or less cost to the City.

#### Section 18.2 Life Insurance

(a) The City shall provide, at its expense, a term life insurance group policy for employee's annual base salary as stated in "Appendix A" of this MOU. In no event will an employee have less than a \$50,000. life insurance policy. Income tax consequences, in conformance with IRS regulations, will be the responsibility of the employee.

(b) Said employees shall be entitled to purchase at their own expense unlimited additional term life insurance from the carrier providing the above-mentioned policy at no cost to the City under such terms and conditions as are customarily imposed by such carrier in its normal course of business.

(c) Subject to agreement with the miscellaneous and management bargaining units, the City agrees to provide Level IV 1959 Survivor's Benefits to members of this bargaining unit. This benefit has a monthly employee cost (currently \$2.00), determined by PERS, and a rate based on actuarial valuation to the City on a monthly basis.

#### Section 18.3 Long Term Disability

The City shall provide long-term disability benefits during the term of this Memorandum of Understanding for members of this bargaining unit in accordance with the agreement between the City and Canada Life Insurance Company, as in force on October 1, 1981.

For those members of this bargaining unit who do not have City paid Long Term

Disability Insurance payments provided for by the provisions of San Bruno Resolution 1980-84 (ie: safety badge personnel including the Police Chief and the Fire Chief), if Long Term Disability Insurance for safety badge personnel is available, allowing for the City to participate in a LTD program for these members, the City will initiate participation if requested by the Bargaining Unit, and those Bargaining Unit members who choose to participate will do so at their expense.

#### Section 18.4 Retirement

(a) The retirement contract in effect between the City of San Bruno and the Public Employees Retirement System (PERS) shall be 2% at 55 for all eligible employees. Final compensation for purposes of calculating retirement benefits shall be based upon the "highest" year method under the Public Employees Retirement System (PERS).

(b) If during the term of this agreement, new PERS retirement benefits should become available for this bargaining unit, and if other bargaining units affected by those benefits have the option to reopen negotiations on the issue of retirement benefits, this bargaining unit shall have the right to ask the City to reopen negotiations on the issue of retirement benefits. It is understood that such re-opener may allow the City to modify other economic benefits contained in this agreement to provide improved retirement benefits.

#### Section 18.5 Deferred Compensation

(a) The City agrees to permit employees of the bargaining unit, to the extent permitted by law, to voluntarily participate in a deferred compensation program as provided for in Resolution 1984-48 RESOLUTION AUTHORIZING AND APPROVING A DEFERRED COMPENSATION PLAN FOR PARTICIPATING EMPLOYEES AND REPLACEMENT OF RESOLUTION NO. 1983-42. (See Section 6.11 City Contribution to Deferred Compensation.)

(b) The City agrees to meet and confer with the union, upon their request, should the Internal Revenue Code be amended so as to adversely impact the intended purpose of the adopted deferred compensation program.

#### Section 18.6 Health Insurance After Retirement from City Service

The City is agreeable to consider development of a trust fund or annuity option with a third-party provider to allow employees to use sick leave payoff or employee contributions at retirement as a vehicle to provide for payment of retiree medical coverage.